

 *Sindhu Trade Links Ltd.*

25TH

ANNUAL REPORT



SINDHU TRADE LINKS LIMITED

Company Name	:	Sindhu Trade Links Limited
CIN	:	L63020DL1992PLC121695
Date of Incorporation	:	22 nd July, 1992
Registered Address	:	129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi – 110035
Corporate Office	:	C-11, Rajouri Garden New Delhi – 110027
Web-presence	:	www.sindhutrade.com
Shareholder and Compliance Matters	:	corporatecompliance@sindhutrade.com
Listed at	:	Bombay Stock Exchange
Registrar and Share Transfer Agent	:	Indus Portfolio Private Limited G-65, Bali Nagar, New Delhi Email: cs.anamika@indusinvest.com
Auditors	:	Nagar Goel & Chawla Chartered Accountants C-3/7, Safdarjung Development Area, New Delhi – 110016
Bankers	:	HDFC Bank ICICI Bank Indusind Bank Kotak Mahindra Bank State Bank of India
Board of Director:	:	Rudra Sen Sindhu Vir Sen Sindhu Vrit Pal Sindhu Satya Pal Sindhu Kuldip Singh Sindhu Ram Niwas Hooda

SINDHU TRADE LINKS LIMITED

	:	Samay Ram
	:	Promila Bhardwaj
Chief Financial Officer	:	Vikas Singh Hooda
Company Secretary	:	Suchi Gupta

BACKGROUND OF THE COMPANY

The Company is engaged in the business of transportation, media, investment and finance, Petrol Pump Operations, Power Distribution and Engineering Projects and Overseas Mining and Trading of Coal.

SINDHU TRADE LINKS LIMITED was duly incorporated on July 22, 1992 as a limited company under the name Bhandari Consultancy And Finance Limited with Registrar of Companies of Calcutta. To achieve the overall efficiency in business operation, economies of administration, technical and commercial spheres, the Board of the Company decided to underwent the Merger/ Amalgamation of the Seven Companies as approved by order of Hon'ble High Court of Delhi dated 19.01.2011. In consonance with the approved Scheme of Amalgamation the name of the Company was changed to Sindhu Trade Links Limited. Since then the Company is working under the name & style of Sindhu Trade Links Limited.

ACTIVITIES/OPERATIONS OF SINDHU TRADE LINKS LIMITED:-

- **LOGISTICS:** - The Company owns a fleet of more than 256 Tippers and Loaders and involved in operation of loading/transportation of Raw/Washed Coal. Presently, company is operating more than 600 Tippers and Loaders including the leased and attached Tippers.
- **PETROL PUMP:-** The company is operating a Petrol Pump of IOCL in village Dhatura, Distt. Korba, C.G. The Company is having Tankers for transportation of Oil/Fuel/HSD from Depots of IOCL to the location of Petrol Pumps in various areas.

OTHER MISCELLANEOUS:- The company has inherited the lending business from merger of seven companies. The company is having Land/Building in Haryana, Chhattisgarh and Delhi on which rental income is received by the company

3. Brief Profile of Promoters/ Directors:

- Mr. Rudra Sen Sindhu

He is the Chairman of the company, completed his bachelor's degree in arts in 1976 from Birendra Narayan Chakrabarty University and joined the Indian Army in 1977. After completing the short service commission period of five years, he joined his family concern, M/s. Mitter Sen and Co., which was then engaged in the business of iron ore mining. Mr. Rudra Sen Sindhu has been with our Company since 1997.

SINDHU TRADE LINKS LIMITED

He has approximately 32 years of experience in the field of coal mining and mining logistics. He has business interests in a number of companies engaged mainly in the business of mining and logistics, coal beneficiation, power generation, manufacturing of port-land cement, sponge iron and steel, stock broking, print media, finance and tourism.

He has been the Chairman of the Expert Committee on Coal since 2008 and the Co-Chairman of the National Coal Committee of ASSOCHAM since 2009. He is also engaged in several charitable activities and has been actively involved in social activities like rehabilitation of Gujarat earthquake victims as well as setting up schools in rural areas. He is the Chairman of our Company and is responsible for the management, control, direction and performance of the Company.

- Mr. Vir Sen Sindhu

He completed his bachelor's degree in arts in 1979 from Maharishi Dayanand University and joined his family concern, M/s. Mitter Sen and Co. in 1979.

He is the Managing Director of the Company. He joined his family concern M/s Mitter Sen & Company which was then engaged in Iron-ore Mining. He has an enriched experience of the coal beneficiation, power and logistics operations in India and overseas and currently he is looking after the Chhattisgarh and Madhya Pradesh regions and overseeing the washing, power, and logistics operations in that region. Mr. Vir Sen Sindhu has been with our Company since January 01, 2012. He has approximately 35 years of experience in the coal sector.

- Mr. Vrit Pal Sindhu

He completed his Graduation in Bachelor's of Arts from Barkatullah University, Bhopal. He has approximately 30 years of experience in the field of coal mining and mining logistics.

He is associated with our Company since last 5 years as the Executive Director. A versatile personality, he holds executive position in many other Companies. He is responsible for overseeing the operations of our Company in the Chhattisgarh region. His energy, quick decisions coupled with pragmatic and optimistic approach to work and humane areas has helped to espouse the Company in a substantial way.

He has business interests in number of companies engaged mainly in mining & logistics, coal beneficiation, power generation, stock broking, media and finance.

- Mr. Satya Pal Sindhu

He is an Ex-serviceman and after successful commissioned service of 11 years with Indian Army, he started his line of business in 2004. Maj Sindhu has a strong Engineering and Management background. He is known for his qualities to manage a large number of men and machines with total command discipline and commitment to complete the contracts undertaken.

He is working as Managing Director of the Company. His ability to take quick decisions coupled with pragmatic and optimistic approach to work and other areas helped to espouse

the group efforts in a substantial way. The day to day operations of the directors is backed by a team of industry experienced personnel.

- Mr. Kuldip Singh Sindhu

He has served his services in army for 39 years. He has approximately 4 years of experience in IT Sector – as Vice President RESO with IBM India. General Administration, Logistics, and Security operations. Added experience in Real Estate leasing, site operations & transport operations. He is associated as an Independent Director with the Company.

- Mr. Ram Niwas Hooda

An Advocate by profession and former president of Bar Association of Rohtak, he is a well-known personality in social and professional circles in Rohtak as well as adjacent areas. He has an experience of more than 6 years in the Law Department of Maharishi Dayanand University, Rohtak. He is associated as an Independent Director with Company.

- Mr. Samay Ram

He was commissioned into the Grenadiers on December 17, 1961. He was the military adviser at the Indian Embassy at Kabul. He was conferred with the Uttam Yudh Seva Medal, Ati Vishist Seva Medal and Vishist Seva Medal by the President of India. He has been chairman of Central Board for Workers' Education under the Ministry of Labour and Employment, Director of Indian Farmers Fertiliser Cooperative Limited under Ministry of Fertilizer and director of National Aluminium Company Limited under Ministry of Mines. He is associated as an Independent Director with the Company.

- Mrs. Promila Bhardwaj

She has completed a bachelor's degree with Honours in English in the year 1972 from Punjab University, a master's degree in arts in the year 1979 and master of philosophy in social sciences in the year 2004 from Punjab University. She further completed her master's diploma in public administration in the year 2004 from the Indian Institute of Public Administration. She joined our Company with effect from October 28, 2016. She joined the Indian Revenue Services in 1979 and during her career she has held various senior positions with the Central Government. She served in the Income Tax Department, Ministry of Finance, Government of India and retired as Director General of Income Tax. She has extensive experience of heading functions including international taxation, transfer pricing, investigation, examination of accounts with respect to foreign as well as domestic companies, non-residents as well as resident taxpayers, detection of fraud, tax policy formulation, human resource management, training, comprehensive computerization of the department, targeted at promoting non adversarial tax regime and better taxpayer services.

Chairman's Message :



"Ultimately, leadership is not about glorious crowning acts. It's about keeping your team focused on a goal and motivated to do their best to achieve it, especially when the stakes are high and the consequences really matter. It is about laying the groundwork for others' success, and then standing back and letting them shine"

Dear Shareholders

It is my privilege to write to you as the Chairman of STLL and I feel honoured to accept the responsibility to Chair the Board. I am happy to present to you the 25th Annual Report (Silver Jubilee) of STLL for the Financial Year 2016-17.

The one characteristic that has defined the global economy over the last decade or so, is "uncertainty" – uncertainty that has brought its share of challenges and opportunities. The year 2016-17 had its share of uncertainty which affected the performance of the Company:

- The single biggest event that left its mark on each and every sector of the domestic economy was "demonetisation". The Central Government's decision to demonetise almost 86% of the currency notes in circulation, caused severe cash shortage in the domestic economy, which prefers cash as the mode of payments, even today. This cash shortage led to a strain on the consumption demand and business activity for a greater part of the second half of the year. Stressed loans plaguing the banking sector and the stretched corporate balance sheets continued to be a drag on capital investments, which have remained much below the trends over the past few years. Low inflation and a largely accommodative monetary policy, though, provided support in an otherwise difficult growth environment.
- The new financial year has started on an encouraging note with the Government seen keenly pushing the implementation of the Goods and Services Tax (GST) from the second quarter of the financial year. GST is being looked at as the single biggest indirect tax reform and is poised to push India's economic growth forward by creating a single national market and

enhancing the efficiency of inter-state movement of goods and services. However, given the wide scale of implementation, it is likely to cause some disruptions in the initial period and the Company will have to face this hurdle as it adapts to this new landscape.

It gives me great pleasure to share with you an update on the overall performance of your Company in 2016-17. It was yet another difficult year for the global economy, characterised by low growth and geopolitical uncertainties. In India, the overall market showed signs of recovery in the latter half of the year but faced a temporary slowdown in November due to demonetisation. In this challenging business environment, Sindhu Trade Links Limited (STLL) delivered a resilient performance in 2016-17.

KEY HIGHLIGHTS OF THE COMPANY'S PERFORMANCE DURING 2016-17 WERE :

- Sales of the company went up by 32.84% to 887 Crore
- EBIT of the Company went up by 1.72% to 146 Crores
- Profit After Tax recorded increase of 0.88% to 76.94 Crore

Company's business in logistics has grown at a rate of 29.46% from last year. The Company has acquired 25 new loading machines from Libherr to strengthen its logistics business.

The Company has also invested, through its foreign subsidiary M/s Param Mitra Resources Pte Limited, over \$ 72.9 Million in the last 5 years and demonstrated a strong commitment to building its business outside India. The Company is aiming towards to capture the international market's coal mining and the Company's subsidiaries currently own 3 coal mines and has minority stake in 3 coal mines in Indonesia. The company aims to be the lowest cost coal producer in the coming years and using multi-dimensional marketing and end use strategy for coal which will be produced by several mines acquired by the Company.

This year the company's subsidiary Param Mitra Coal Resources Pte Limited through its subsidiary M/s Dragon Power Investments Limited has entered into an agreement to purchase another coal mine in Indonesia which will be completed in the next year 2017-18.

I would like to take this opportunity to thank each and every employee as well as those who work with us across the value chain for their unstinting support and hard work in the service of our Company. I would also like to thank you, our shareholders, for your continued trust in the business.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Developments and Industry View

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The Indian economy growth rate in this Financial Year is 6.8 per cent in FY 2016-17 due to the recovering effects of Demonetization. As per the World Bank Report dated June 05, 2017, the Indian economy should grow at 7.2 % in FY 2017-18. The growth in India's economic fundamentals has decreased due to the recovering the temporary adverse effects of demonetisation. As per the World Bank India still remains the fastest growing major economy of the World.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen.

Moody's has affirmed the Government of India's rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term

The Indian Economy has been one of the strongest economies in 2016-17 even after recovering from the adverse effects of demonetization. The growth in GDP has fallen from 7.8 % in 2015-16 to 6.8% in 2016-17.

For any economy, the logistics sector, encompassing transportation, warehousing, cargo consolidation and border clearances, would form the backbone of its trade and associated economic activity and growth of key sectors. The cost of trading whether by sea, land or air forms a critical component of the final price of a commodity. An efficient logistics system reduces this cost, providing a competitive edge and propelling economic activity. Growth of the Logistics business is directly correlated with economic activity. With the Indian economy on a revival path, we believe India's Logistics sector is poised for accelerated growth. Infrastructural bottlenecks that have stifled growth of the sector and have promoted inefficiency are being addressed. Looking at the future growth prospects; India is currently considered the most attractive in the world and might emerge as a major logistics hub in the future. With this forward looking attitude and a promise of growth and improvements, the service oriented logistics industry is all set to expand beyond the horizons.

India offers huge opportunity for investment. The Central and State Governments are focusing on the development and inclusive growth. With several policy measures announced by the Government coupled with seamless execution, focus on process improvement, providing end to end solutions to customer and quality of operation, the company continues to delivery in its focus areas of logistics , trading in lubricants and investment and finance activities.

Outlook on Opportunities

Logistics is one of the most important basic industries for any economic growth as it is the management of the flow of products from the place of their origin to the place of their consumption, thus the industry also involves the integration of material handling, warehousing, packaging, transportation, shipping security, inventory management, supply chain management, procurement, and customs service.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Logistics sector in INDIA has today become an area of priority. One prime reason for the same stems from the reason that years of high growth in the Indian economy have resulted in a significant rise in the volume of freight traffic moved. The large volume of traffic has provided for growth opportunities in all facets of logistics including transportation, warehousing, freight forwarding, express cargo delivery, container services, shipping services etc. The growth path also suggests that increase demand is being placed on the sector to provide the solutions required for supporting future growth. Strength of the logistic sector is likely to be one of the key determinants of the pace of the future growth of the economy.

The logistics market in India is expected to be worth US \$307 billion by 2020 as quoted in the media. With less than 8% spent by the other developing countries, India spends around 14.4% of its GDP on logistics and transportation. The sector is expected to grow at a CAGR of 15-20 percent between FY2016-2020. This growth will be driven by infrastructure investment associated with logistics development plans (ports, logistics parks, highways, freight corridors and roads), domestic demand growth, and increase in trade. Automobile, aviation, pharmaceuticals, FMCG, and retail are among the large cash cows which the logistics sector is currently riding on. With all this there is immense potential to realize given that this sector will alone create one million employment opportunities by 2021.

Even though India being a low-cost service provider, the logistics cost remains an alarming factor due to the regulatory and tax structure challenges system in the country.

On one hand, the increase in the number of un-organised players, aging infrastructure and inefficient usage of technology has been impacting the mechanism of logistics service providers. The industry can grow at a rate of 16% CAGR with provision of comprehensive and efficient infrastructure, whereas on the other hand, the impending implementation of GST and lack of skill development has adversely affected the process of logistics in the country. The GST will be implemented by July 1st, 2017 and is set to bring about uniform tax structure in the system. This will further enhance operational efficiency in the delivery system thus increasing the business growth potential.

The increase in investment from both public and private sectors year on year (y-o-y) will uplift the logistics sector to the next level. With a significant push on the improvement of infrastructure, adoption of technology and dedicated logistics corridor across all the modes (road, rail, air and sea) will improve the overall structure of the Indian logistics market. This will further contribute to the growth of the industry per se.

Secondly, with India being the next manufacturing hub increase in trade with Asia, Europe, and North America will promote an increase in demand for the logistics services. This initiative by the movement will act as a major growth driver for both the public and private logistics players in the region. However, the timely implementation of the proposed GST is expected to reduce the overall logistics costs and also simplify the tax structure, making the operation robust.

The Government also feel that some of the other factors that can contribute to the growth of the logistics industry are the penetration of e-commerce giants into the hyper- local delivery segment and express logistics is expected to constitute a CAGR of 14.59% in the coming five years.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Due to these reasons the Indian logistics sector is viewed as one of the most attractive in the world. Recent policies by the government attract a strong growth area for logistics in the future. Despite holding promise the logistics sector in India remains mired in several complexities which have the potential of holding it back. These include significant inefficiencies in transportation, poor condition of storage infrastructure, complex tax structure, low rate of technology adoption, and poor skills of logistics professionals.

The logistics industry is a dynamic component in the country's growth wheel which has also recently witnessed the effect of demonetisation followed by remonetisation (issue of new currency notes). This sudden shift has significantly disrupted the overall business operations of logistics, automobile, FMCG, pharmaceuticals and agriculture sectors. Though this move by the government gave a temporary jolt but, in the long run, there will be an increment in the overall business coming in from the international players.

Digitization is a new reality which is critical to transforming India going forward. It will help to bring better regulation and governance in the industry.

Where the industry is now moving towards cashless mode, being future ready has always encouraged business operations through cashless mode. With this futuristic vision, it has successfully carried out 55% of its business transactions through the digital mode of payment.

India's logistics sector primary expectation lies with the timely implementation of the goods and services tax (GST) as that would not only result in the absorption of various taxes involved in the transportation of goods and services, but will also increase efficiency in the business.

The primary reason for growth in the finance and investment industry can be attributed to increasing trade reforms in Government policy, increased Government spending on finance and investment sector and rise in domestic consumption. The Company has successfully implemented the growth strategy and expansion. The changes in the political and social conditions, the monetary and interest rate policies of India and other countries have also helped in maintaining the momentum in the finance activities of the Company.

Outlook for Threats, risks and concern

There are many critical challenges faced by the Company viz, insufficient integration of transport networks, information technology (IT), and warehousing and distribution facilities. Warehousing sector in India forms 20% of the logistics market but faces challenges in the form of inadequate skilled labour, lack of infrastructure, lack of funds etc. Currently India faces a need for another 123 million tonnes of warehousing. Second, high congestions on roadways and ports impacting the turnaround time and service levels across the supply chains. Third, Delay in GST implementation-Levitation of taxes at a national level instead of individual states will cut down on logistics cost and increase cross border transportation. Fourth, lack of integrated planning via a unified regulatory logistics body at the Union level, lack of clarity on regulations increasing nervousness and hassle for investors and operators. Last, the disorganized nature of the logistics sector in India, its perception as a manpower-heavy industry and lack of adequate training institutions has led to a shortfall in skilled management and client service personnel.